

CITY OF VANCOUVER
Clark County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The City Should Enforce Contract Provisions And State Laws Regarding Tennis Professionals

The City of Vancouver retains its tennis center manager on city payroll and has two full-time tennis professionals it considers independent contractors. Our review of tennis center activities disclosed several violations of the manager's employment agreement, and numerous violations of state laws:

- a. During 1993, Tennis Center Manager, Anil "Jumbo" Fernando was compensated \$32,652 through the city payroll system for managing the tennis center. Paragraphs four and five of his agreement with city Parks and Recreation Department Director, Daniel George, state in part:

In consideration for your fulfilling your responsibilities as a manager for 40 hours each week, you will be employed . . .

. . . Additionally, you will be allowed 15 hours per week of non-prime tennis court use to teach private lessons . . . Payment for this private instruction shall be made directly to you and not pass through the city. I will require, however, that each week you submit to me a list of the names of those persons who you instructed privately and the date and time of their lesson.

Instead of limiting his private lessons to 15 hours during nonprime hours, Mr. Fernando routinely taught private tennis lessons at the Vancouver Tennis Center during his normal 7:00 a.m. to 1:00 p.m. Monday through Friday work week. He retained all of the revenue from these lessons. Additionally, Mr. Fernando said he did not keep the list of names, dates, and lesson times of persons privately instructed during 1993, nor did he submit them weekly to Parks and Recreation Department Manager, Daniel George, as required. Without this information, we were unable to determine the amount of any revenue inappropriately kept by Mr. Fernando from lessons given on city time. Further, because he was teaching private lessons nearly all the time he was present at the center, it is evident Mr. Fernando did not devote the 40 hours per week in management of the tennis center required by his agreement.

- b. From February 4 through February 11, 1994, the two contracted tennis professionals, Kevin Young and Hector Mendosa were in Hawaii providing lessons for a private tennis camp sponsored by Anil Fernando. The city did not receive any revenue from this camp. Mr. Fernando approved and submitted

falsified documents requesting city payment for lessons purportedly given by Mr. Young and Mr. Mendosa at the city tennis center while they were actually teaching at his private tennis camp in Hawaii. As a result, Mr. Fernando, as camp sponsor, benefited financially from the services of Mr. Young (\$674.18) and Mr. Mendosa (\$751.20) who were paid by the city during this time.

Mr. Fernando prepared, approved, and submitted the payment requests on February 28, 1994, knowing that neither Mr. Young nor Mr. Mendosa performed service for the city during the period February 4 through 11, 1994. Mr. Fernando's preparation and approval of the false payment requests for Mr. Young and Mr. Mendosa violated RCW 42.24.110, which states:

Any person who knowingly approves or pays or causes to be approved or paid a false or untrue claim shall be guilty of a gross misdemeanor and, in addition, he shall be civilly liable on his bond to the municipal corporation or political subdivision, as the case may be, for the amount so paid or for three hundred dollars whichever is the greater.

- c. Anil Fernando obtained advances for Hector Mendosa and Kevin Young and a bonus for Mr. Young by falsifying claims he submitted to the city.

(1) Mr. Fernando arranged for advances to contractors Mr. Mendosa and Mr. Young of \$400 and \$500, respectively, in February 1994 by submitting time reports for lessons not yet given. Advances of public funds are prohibited by the Washington State Constitution, Article VIII, Section 7, which states:

No county, city, town, or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in the aid of any individual . . . except for the necessary support of the poor and infirm

(2) Mr. Fernando obtained a \$1,000 bonus for Mr. Young in January 1994 by preparing and approving a false time report for some December 1993 services that either were not provided or for which Mr. Young had already been paid. This bonus is prohibited by Washington State Constitution, Article II, Section 25, which states in part:

The legislature shall never grant any extra compensation to any public officer, agent, employee, servant, or contractor, after the services shall have been rendered, or the contract entered into (Emphasis ours.)

Parks and Recreation Department Manager, Daniel George admitted he also was aware of and approved the bogus time report which allowed Kevin Young to receive the improper \$1,000 bonus. Therefore, Mr. George violated RCW 42.20.060, which states:

Every public officer, or person holding or discharging the duties of any public office . . . a part of whose duty it is to audit, allow or pay, or take part in the auditing, allowing or paying claims or demands upon the . . . city, who shall knowingly audit, allow or pay, or, directly or indirectly, consent to or in any way connive at the auditing, allowance or payment of any claim . . . which is false or fraudulent . . . shall

be guilty of a gross misdemeanor.

- d. Documentation for payments made to Mr. Young and Mr. Mendosa during 1993 and 1994 consisted of time sheets which reported hours worked and rates charged for tennis lessons. They were paid through the city's voucher system instead of the regular payroll system. Our review indicates that neither the rates nor the hours used to calculate these payments were factual. Instead the amounts paid were actually based on the numbers and type of tennis lessons given during the period as calculated by tennis center manager, Anil Fernando. Mr. Fernando indicated that he did not retain the documents on which the payment amounts were actually calculated. These violations were the apparent result of the failure of both Mr. Fernando and Mr. George to adhere to the requirements of the employment agreement and to understand and follow Washington State laws pertaining to the operation of the tennis center.

We recommend:

- a. Mr. Fernando confine his private tennis lessons to the limits stated in his agreement with the city, and that he manage the tennis center the required 40 hours per week contained in the agreement.
- b. Mr. Fernando repay the city \$674.18 and \$751.20 paid to tennis professionals Kevin Young and Hector Mendosa for the time they were teaching at his private tennis camp in Hawaii.
- c. Tennis professionals Kevin Young and Hector Mendosa immediately repay any unpaid advances outstanding, and Kevin Young repay the bonus which he improperly received as a result of the false documents.
- d. The city ensure that parks and recreation manager, Daniel George, adhere to agreements and laws that pertain to his duties, and require any claims for tennis services rendered be paid only on fully supported, factual documentation. These supporting documents should be retained on file in accordance with the city's required retention policy.

2. The City Of Vancouver Should Control Parking Meter Revenue

The city has not established controls over parking meter revenue. As a result, cash deposited from parking meters is significantly less than the amount projected to be received. Based on historical collections and a meter rate increase in March 1992, our revenue projections exceed actual revenue by a minimum of \$172,674 for the period April 1, 1992, through December 31, 1993. Our analysis of the traffic and business environment did not provide sufficient explanation for this variance in parking meter revenue.

Based on their analysis, city officials believe the shortfall in parking revenue collections shown in our finding can be substantially explained by some meter customers moving to parking lots and others buying parking permits.

The following control weaknesses increase the risk that parking meter revenue has not been totally accounted for and controlled:

- a. The department management has not maintained control of the meter keys and are not sure how many exist or where they are located.
- b. Each collector of the parking meter revenue usually works alone.
- c. Each collector empties the coins into an unlocked container which is transported to the bank.
- d. Management has not specifically assigned the collectors to any particular collection zone, nor has it systematically rotated them between zones.
- e. Management has not periodically compared actual parking meter revenue to expected revenue.
- f. Management has not established a set schedule for the frequency of collections and deposits; therefore, the frequency is not consistent.

We recommend city review its internal controls for parking meter revenue, correct the weaknesses identified above, and implement an effective system of internal control designed to ensure the protection of public assets. According to officials, the city has begun implementing corrections for some of the weaknesses cited above.